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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended February 29, 1992

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

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Commission File Number: 1-9872

COLUMBUS ENERGY CORP.
(Exact name of registrant as specified in

Colorado	84-0891713
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1660 Lincoln St., Denver, CO	80264
(Address of principal executive offices)	(Zip Code)

(303) 861-5252
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes _____ No _____

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at April 13, 1992
Common stock, $.20 par value	2,957,978

COLUMBUS ENERGY CORP.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

COLUMBUS ENERGY CORP.

CONSOLIDATED BALANCE SHEETS

ASSETS

	February 29, 1992 (unaudited)	November 30, 1991
	(In thousands)	
Current assets:		
Cash and cash equivalents	$ 2,496	$ 2,525
Accounts receivable -		
Joint interest partners	661	1,329
Oil and gas sales	1,004	884
Other	135	131
Less allowance for doubtful accounts	(61)	(146)
Inventory of oil field equipment, at lower of average cost or market	89	74
Other	110	111
Total current assets	4,434	4,908
Property and equipment:		
Oil and gas assets, successful efforts method (Note 3)	38,615	38,339
Other property and equipment	2,032	2,022
	40,647	40,361
Less: Accumulated depreciation, depletion and amortization and valuation allowance	(28,884)	(28,587)
Net property and equipment	11,763	11,774
Other (Note 3)	577	600
	$ 16,774	$ 17,282

The accompanying notes are an integral part of these financial statements.

COLUMBUS ENERGY CORP.

CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY

	February 29, 1992 (unaudited)	November 30, 1991
	(In thousands)	
Current liabilities:		
Current maturities of long-term debt (Note 3) - bank debt	$ 465	$ 529
Accounts payable	668	770
Undistributed oil and gas production receipts	1,185	1,141
Accrued production and property taxes	219	905
Prepayments from joint interest owners	339	409
Accrued expenses	309	318
Other (Note 2)	257	250
Total current liabilities	3,442	4,322
Long-term debt (excluding current maturities) (Note 3):		
Bank debt	3,031	3,189
Employee stock ownership plan	574	596
Capital lease obligations	40	51
Deferred income taxes (Note 4)	162	144
Other liabilities	222	219
Commitments and contingent liabilities (Notes 2 and 3)		
Stockholders equity:		
Preferred stock authorized 5,000,000 shares, no par value, none issued	-	-
Common stock authorized 20,000,000 shares of $.20 par value; shares issued 2,957,542 in 1992 and 2,927,542 in 1991 (outstanding 2,957,542 in 1992 and 2,927,542 in 1991)	592	586
Additional paid-in capital	12,335	12,026
Cumulative foreign currency tranelation adjustments	(313)	(189)
Accumulated deficit, since December 1, 1987	(2,737)	(3,066)
	9,877	9,357
Less: Stock held by Employee Stock Ownership Plan	(574)	(596)
Total stockholders' equity	9,303	8,761
	$ 16,774	$ 17,282

The accompanying notes are an integral part of these financial statements.

COLUMBUS ENERGY CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended	
	February 29, 1992	February 28, 1991
	(in thousands, except per share data)	
Revenues:		
Oil and gas sales	$ 1,843	$ 1,660
Operating and management services (Note 5)	395	389
Interest income	48	95
Other	-	5
Total revenues	2,286	2,149
Costs and expenses:		
Lease operating expenses	504	514
Property and production taxes	158	183
Operating and management services/general and administrative	633	684
Depreciation, depletion and amortization	380	393
Exploration expense	19	12
Total costs and expenses	1,694	1,786
Operating income	592	363
Other expense (income):		
Interest	74	128
Litigation expense (Note 6)	100	169
Other	(81)	2
	93	297
Earnings before income taxes	499	66
Income tax expense (Note 4)	170	22
Net earnings	$ 329	$ 44
Weighted average shares outstanding	2,953	2,928
Earnings per share	$ .11	$ .02
Dividends per share	$ -	$ -

The accompanying notes are an integral part of these financial statements.

COLUMBUS ENERGY CORP.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
For the Three Months Ended February 29, 1992
(Unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Foreign Currency Translation Adjustments	Employee Stock Ownership Plan
			(dollar amounts in thousands)			
Balances, December 1, 1991	2,927,542	$ 586	$12,026	$(3,066)	$ (189)	$ (596)
Exercise of employee stock options	30,000	6	163			
Adjustment for foreign currency translation	-	-	-	-	(124)	-
Contributions to Employee Stock Ownership Plan	-	-	-	-	-	22
Income tax benefit of loss carryforwards arising prior to quasi-reorganization	-	-	146	-	-	-
Net earnings	-	-	-	329	-	-
Balances, February 29, 1992	2,957,542	$ 592	$12,335	$(2,737)	$ (313)	$ (574)

The accompanying notes are an integral part of these financial statements.

COLUMBUS ENERGY CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended	
	February 29, 1992	February 28, 1991
	(In thousands)	
Net earnings	$ 329	$ 44
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation, depletion, and amortization	380	393
Deferred income taxes	23	-
Income tax benefit of prior operating loss carryforwards	148	21
Other	58	14
Changes in operating assets and liabilities:		
Accounts receivable	459	808
Other current assets	(14)	(19)
Accounts payable	(102)	(155)
Undistributed oil and gas production receipts	44	(694)
Accrued production and property taxes	(886)	(562)
Accrued expenses	(9)	(7)
Prepayments from joint interest owners	(70)	299
Other current liabilities	6	27
	(372)	(505)
Net cash provided by (used in) operating activities	584	(33)
Cash flows from investing activities:		
Additions to oil and gas properties	(529)	(369)
Additions to other assets	(12)	(61)
Net cash used in investing activities	$ (541)	$ (430)

(Continued)

COLUMBUS ENERGY CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS - (Continued)
(Unaudited)

	Three Months Ended	
	February 29, 1992	February 28, 1991
	(in thousands)	
Cash flows from financing activities:		
Reduction in long-term debt	$ (173)	$ (173)
Proceeds from issuance of common stock	135	-
Other	(9)	(7)
Net cash provided by (used in) financing activities	(47)	(180)
Effect of exchange rate on cash	(5)	0
Net increase (decrease) in cash and cash equivalents	(29)	(635)
Cash and cash equivalents at beginning of period	2,525	3,447
Cash and cash equivalents at end of period	$ 2,496	$ 2,812

Interest paid for the three months ended February 29, 1992 and February 28, 1991 was $48,000 and $133,000, respectively. Income taxes of $30,000 were paid during the three months ended February 28, 1991.

Noncash investing and financing activities:

None.

The accompanying notes are an integral part of these financial statements.

COLUMBUS ENERGY CORP.

NOTES TO THE FINANCIAL STATEMENTS
(Unaudited)

(1) BASIS OF PRESENTATION

The accompanying consolidated financial statements include the accounts of Columbus Energy Corp. ("Columbus") and its wholly-owned subsidiaries, CEC Resources Ltd. ("Resources") and Columbus Gas Services, Inc.("CGSI"). All significant intercompany balances have been eliminated in consolidation. The term "Company" as used herein includes Columbus and its subsidiaries.

The financial statements contain all adjustments (consisting only of normal recurring accruals) which, in the opinion of management, are necessary to present fairly the financial position of the Company as of February 29, 1992 and November 30, 1991, the results of its operations and cash flows for the three months ended February 29, 1992 and February 28 1991. The results of operations for such interim periods are not necessarily indicative of results to be expected for the full year.

Columbus was a former subsidiary of Consolidated Oil & Gas, Inc. ("Consolidated"), which was liquidated under a confirmed Chapter 11 reorganization plan. The CGS Creditors' Trust, created for the benefit of unsecured creditors as part of Consolidated's confirmed reorganization plan, currently owns 34.8% of the Company's common stock.

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Earnings (loss) per share are computed by dividing net earnings (loss) by the weighted average number of shares outstanding in each period. The effects of stock options have been excluded during all periods as they were either not dilutive or antidilutive.

Oil and Gas Properties

The Company follows the successful efforts method of accounting. Lease acquisition and development costs (tangible and intangible) for expenditures relating to proved oil and gas properties are capitalized. Delay and surface rentals are charged to expense in the year incurred. Dry hole costs incurred on exploratory operations are expensed. Dry hole costs associated with developing proved fields are capitalized. Expenditures for additions, betterments and renewals are capitalized. Geological and geophysical costs are expensed when incurred.

Upon sale or retirement of proved properties, the cost thereof and the accumulated depreciation or depletion are removed from the accounts and any gain or loss is credited or charged to income, if significant. Maintenance and repairs are charged to operating expenses.

Provision for depreciation and depletion of capitalized exploration and development costs are computed on the unit-of-production method based on proved developed reserves of oil and gas, as estimated by petroleum engineers, on a property by property basis. An additional valuation provision is made if total capitalized costs of oil and gas properties, excluding unproved properties less accumulated depletion and related deferred income taxes, exceed (1) the present value of future net revenues from estimated production of proved oil and gas reserves using constant prices discounted at 10% less (2) income tax effects related to differences between book and tax basis of the properties. Unproved properties are assessed periodically to determine whether they are impaired. When impairment occurs, a loss is recognized by providing a valuation allowance. When leases for unproved properties expire, any remaining cost is expensed. Depreciation of other assets are provided on the straight line method over their estimated useful lives.

The Company follows the entitlements method of accounting for gas balancing of gas production. The Company's gas imbalances are immaterial at November 30, 1991 and February 29, 1992.

(2) PARTNERSHIP STATUS

Columbus was formerly the managing general partner of Consolidated Energy Partners L.P. ("CPS") and its subsidiary partnership, Consolidated Operating Partners L.P. ("COP"), which were dissolved effective November 30, 1989.

Columbus, as managing general partner of COP, and Columbus as managing general partner and Consolidated as associate general partner of CPS had an obligation to pay for the respective partnership's costs incurred. Consolidated was in Chapter 11 bankruptcy proceedings from March 7, 1989 to May 1990, which affected its status as an associate general partner as well as the status of its liability. Included in other liabilities as of February 29, 1992 and November 30, 1991, is $166,000 and $167,000, respectively, which were amounts equal to the remaining cash available for accounts payable to be paid on behalf of CPS related to its liquidation.

(3) LONG-TERM DEBT

	February 29, 1992	November 30, 1991
	(in thousands)	
Current debt:		
Columbus bank debt	$ -	$ -
CEC Resources Ltd. bank debt	465	529
	$ 465	$ 529
Long-term debt:		
Columbus bank debt	$ 2,418	$2,418
CEC Resources Ltd. bank debt	613	771
Total bank debt	3,031	3,189
Employee Stock Ownership Plan Note	574	596
	$ 3,605	$ 3,785

The Columbus bank debt is collateralized by a mortgage on its oil and gas properties. The bank debt of Resources is collateralized by its Canadian oil and gas producing properties and gas processing plant.

The Employee Stock Ownership Plan (ESOP) financing was obtained from a Denver-based bank holding company, Vectra Banking Corporation, at 8 1/2% interest per annum with a maturity of December 1, 1993. No minimum principal payments are required and interest is payable quarterly. Columbus has guaranteed payment of the ESOP note and has deposited the proceeds received from the sale of stock in certificates of deposit at various Vectra Banks as additional collateral for its guarantee. Quarterly, as principal payments are made by the ESOP, the certificates of deposit are reduced and the cash released to Columbus. At February 29, 1992 and November 30, 1991, $574,000 and $596,000, respectively, of the certificates of deposit are included in other long-term assets.

(4) INCOME TAXES

The Company files a consolidated income tax return with its own subsidiaries and intends to execute a tax allocation agreement with them.

For the 1992 first quarter, Canadian deferred income taxes are provided because Resources had previously utilized its financial statement operating loss carryforwards. Such deferred income taxes are comprised entirely of timing differences between tax and financial statement recognition of oil and gas exploration and development costs and expenses. For financial statement purposes, any income tax expense not related to Canadian taxes can be mostly offset by prior years' operating loss carryforwards except to the extent there is an Alternative Minimum Tax liability. Any income tax benefit which uses loss carryforwards created prior to the quasi-reorganization on December 1, 1987 is added to additional paid-in capital and is a non-cash expense.

Net operating loss carryforwards, percentage depletion deductions, and investment tax credit carryforwards are available for U.S. tax purposes only. For Canadian income tax purposes when the annual taxable income of Resources exceeds its available Canadian tax allowances and deductions for that year, current income taxes must be provided and a tax liability recorded. It is also possible that Canadian taxes could become currently payable in future periods even though no consolidated U.S. income taxes are payable due to available U.S. net operating loss carryforwards. Should Canadian taxes be paid, that amount could be used in the future as a foreign tax credit to reduce U.S. consolidated income taxes.

In February 1992, the Financial Accounting Standards Board issued Statement No. 109 - Accounting for Income Taxes - which will require the Company to change its method of reporting for income taxes for financial statement purposes no later than fiscal year 1994. The Company has not determined the potential impact of such change, if any, on its financial statements.

(5) RELATED PARTY TRANSACTIONS

The general and administrative cost reimbursements from CPS and COP will continue at a minimal level until Columbus completes its activities as liquidator thereof. Columbus received from COP fees and reimbursements (included with operating and management services revenue) of $3,000 and $5,000 for the three months ended February 29, 1992 and February 28, 1991, respectively.

(6) LITIGATION EXPENSE

The litigation expense in the first quarter of 1992 includes (1) the $50,000 of CGS Creditors' Trust expenses which Columbus has agreed to pay in connection with the Settlement Agreement that was executed on March 18, 1992, and (2) $40,000 for the estimated costs of registration of the 1,029,232 shares to be distributed or sold by the Trust as part of that Agreement.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

The Company's positive working capital and rapidly expanding cash flow continue to evidence significantly improved liquidity and provide a source of capital. The Company's financial condition in the first quarter of 1992 further improved as the balance of the new wells which were developed in Texas in 1991 produced for almost all of the quarter. At November 30, 1991, the Company's liquidity had been temporarily reduced compared to the end of 1990 because its entire 1991 cash flow had been used to develop significant new reserves and reduce bank debt. During 1992's first quarter, oil production and resulting revenues increased to record levels despite disappointing crude oil prices.

Natural gas prices declined to the lowest level for any winter heating season quarter since Columbus began spot market sales in the mid-1980's. Disappointing total U.S. demand because of recessionary factors and mild winter weather in heavily populated areas was a primary contributor to that result. Also, the highly publicized U.S. "gas bubble" continued to depress prices for natural gas to lower levels than those received during most of the 1980's. This phenomena, coupled with increased volumes of storage gas, might keep prices from materially escalating until the effects of recently passed "clean air" legislation becomes part of the demand factor in 1995. Because it is not possible to accurately forecast the weather or future demand, the Company will continue to take into consideration these factors before either increasing its gas development activity or making any substantial gas reserve acquisitions.

As a direct result of the 1991 drilling successes,the Company expects that the daily rate of oil production in the U.S. for all 1992 will be more than double that reported for fiscal 1991. This increased production will more than cushion the impact of recent declines of oil and gas prices, will provide the funds budgeted for development activities in 1992, and will allow management to make a significant reduction in debt if that appears to be the most prudent use of this excess cash flow.

Since 1988, the Company has continually had to cope with harassment in the form of repetitive litigation instigated by a hostile group who gained control of its former parent, Consolidated. The most recent lawsuit was filed in Bankruptcy Court in June 1989 and was essentially a duplication of two previous State Court lawsuits which had been dismissed and/or adjudicated favorably to the Company. The bankruptcy lawsuit was later removed to Federal District Court and Columbus was permitted

to become an intervenor/defendant. It has also been paying for legal expenses incurred by its present and former officers and directors since the Company is required to provide indemnification by contract, by its By-Laws, and by its Articles of Incorporation. Expenses have diminished since May 1991 when the parties agreed to a standstill in the proceedings while they undertook settlement negotiations which eventually led to an agreement although the stay had to be extended three times by the Federal District Court while various possible alternatives were explored.

A Settlement Agreement was finally executed on March 18, 1992 by all parties and is described in Part II, Item 1. Legal Proceedings and in Form 8-K filed on March 20, 1992. Columbus may possibly acquire all or a part of 229,232 shares of Columbus common stock being sold by the CGS Creditors' Trust as treasury stock at the price of $5.25 per share to the extent these shares are not bought by third parties. Sufficient cash to cover the entire share purchase, should it become necessary, was transferred by the Company to an escrow account in late March 1992 pending completion of the other settlement terms and determination of the amount of shares being acquired by third parties. Significance of achieving this Settlement Agreement to existing and future shareholders cannot be over-emphasized. Immediately identifiable benefits include the elimination of the sizable legal expense as well as the drain on management's time spent gathering data and participating in the defense of the litigation. Less apparent benefits include items such as accomplishing a distribution of over one-third of the ownership of the Company into the hands of a diverse and a substantial number of persons and entities. This should help the trading market for Columbus' common shares to become more active which in turn should eventually lead to more market stability. Also, with the litigation cloud removed, the Company can now be evaluated by future investors based on its existing assets and prospects for growth without that distraction.

Columbus has also agreed as a part of its participation in the Settlement Agreement that it will apply for listing of its common shares on the American Stock Exchange no later than June 15, 1992. There is no assurance that such an application will be accepted, but if it is, it is management's belief that national exposure on a daily basis should create much greater interest in the Company's securities.

The scope of the Company's operation and management services segment has been reduced significantly by an operations and asset sale in the fall of 1990. This reduced activity level has caused the U.S. operations to show a loss each quarter, but it was more than offset by the profit from the Canadian services so that there

has been an overall positive cash flow. This trend has continued during the first quarter of 1992 although improved revenues over 1991 are expected for fiscal 1992 for this segment.

The Company had outstanding borrowings of $2,418,000 as of February 29, 1992, against its U.S. bank line of credit with United Bank of Denver. Columbus' borrowing base was the same amount at that time but was under review for a significant increase. The current interest rate is 7-1/4% which is 1% lower than at its 1991 fiscal year end. In October 1991, the borrowing base had been held flat after a review using mid-year 1991 reserve valuations and the bank's own pricing and lending parameters, but has since had an interim increase of an additional $300,000. This amount became available on March 23, 1992 and has been utilized to partially fund the Settlement Agreement escrow account as related to the purchase of Columbus common stock discussed above. Columbus is currently holding discussions with banks toward obtaining a loan with less restrictive terms, a significantly expanded line of credit based upon its year end 1991 reserves, and a borrowing which would be North American in scope.

At present, the Canadian bank credit line is with the Canadian Imperial Bank of Commerce. The outstanding principal amount of that loan was $1,079,000 (CDN$1,275,000) as of February 29, 1992 which is $43,000 (CDN$50,000) less than the current borrowing base which was last determined in August 1991. The current effective interest rate is 9.00%. Toward the end of fiscal 1991, this entire credit line was taken down to replenish working capital that had previously been used for capital expenditures in Canada as well as to provide a return of capital to the U.S. parent. This return of capital in 1991 supplemented U.S. working capital needed for the expanded budget requirements to rapidly develop the Sralla Road field in Texas. The Canadian bank credit line currently requires payments of $43,000 (CDN$50,000) per month until fully paid on May 31, 1994.

Working capital at February 29, 1992 was a positive $992,000 compared to $582,000 at November 30, 1991. The increase is attributable to additional production and cash flow from the new wells as previously discussed.

During the first quarter in 1992 cash provided from operations was $564,000 compared to cash used of $33,000 in the first quarter 1991 and cash provided of $1,498,000 for all of fiscal 1991. However, these numbers are not considered to be a meaningful presentation of cash flow comparison. There is undue influence exerted upon operating results with the required inclusion of working capital changes because of the Company's substantial operations for third party non-operators and the relative

contribution of items of income and expense related thereto which affect working capital. These include the timing of the receipt and distribution of oil and gas revenues owned by third parties, the timing of payments of accounts payable on their behalf (including accrued production and property taxes owed by third parties) and the timing of the receipt of accounts receivables from those parties. Management believes a better measure of the Company's cash flow that would be more directly related to its own operating results would be one that is determined before any consideration is given to working capital changes. For example, 1992 cash first quarter cash flow by this more representative definition, was $936,000 compared to $472,000 for the first quarter of 1991. These significant changes in cash flows clearly demonstrate the distortion between years that may result from the significant influences that third party funds have on working capital changes. However, over several years the cumulative cash flows under either method will be similar.

During the first quarter of 1992, capital expenditures for oil and gas properties totaled $529,000 with the substantial increase being primarily attributable to the continuing rapid development of the Vicksburg oil field in Texas. Capital costs for all of 1992 have been budgeted to increase significantly in the U.S. and will be funded out of the Company's cash flow and working capital. Canadian capital expenditures are expected to be fairly limited in 1992 insofar as exploration and development expenses are concerned.

RESULTS OF OPERATIONS

Oil and Gas Revenues and Operating Costs

In the U.S., the following table shows comparative revenues, sales volumes, average prices and percentage changes between periods, for oil and natural gas for the first quarters of 1992 and 1991 and the first quarter of 1992 versus the fourth quarter of 1991.

	First Quarter 1992	First Quarter 1991	% Change	Fourth Qtr. 1991	% Change
Oil revenue M$	$1,088	$ 555	90%	$ 884	59%
Natural gas revenues M$	$ 305	$ 222	37%	$ 329	(8)%
Oil sales volumes:					
Barrels	58,000	24,564	136%	32,854	77%
Barrels/day	638	273		361	
Natural gas sales volumes:					
Millions of cubic feet	189	121	56%	204	(7)%
MCF/day	2,074	1,344		2,244	
Average price received:					
Oil - $/BBL	$18.18	$22.58	(20)%	$20.21	(10)%
Natural gas - $/MCF	$ 1.61	$ 1.83	(12)%	$ 1.60	1%

In the U.S., oil revenues for the first quarter were up 90% over the similar 1991 quarter as a result of higher sales volumes and despite a 20% reduction in the average oil price received. The increased volumes primarily resulted from the new Vicksburg wells in the Sralla Road field near Houston. First quarter 1992 oil sales volumes also exceeded fourth quarter 1991 volumes because in that same field, the Brewer #1-V well produced its first full month's allowable in December 1991, while the Holmes-Elliott #1-V well was completed and commenced production in January 1992. When compared to the fourth quarter last year, first quarter U.S. oil revenues were 59% higher because of increased volumes and overcame a 10% decrease in the average price per barrel.

Natural gas revenues increased 37% in the first quarter of 1992 when compared to 1991 due to greater sales volumes produced from Texas gas wells connected during 1991 subsequent to the first quarter. Average prices for natural gas decreased 12% in the first quarter of 1992 compared to 1991's similar quarter because of the aforementioned reduced demand due to a mild winter and the U.S. recession. Because of the 7% decrease in sales volumes, there was a 6% decrease in gas revenues in first quarter 1992 compared to fourth quarter 1991.

For Canada, the following table shows similar comparative data by quarters and percentage changes between periods (stated in U.S. dollars where applicable).

	First Quarter 1992	First Quarter 1991	% Change	Fourth Qtr. 1991	% Change
Oil and plant liquids revenues M$	$ 167	$ 291	(43)%	$ 183	(9)%
Natural gas revenues M$	$ 375	$ 592	(37)%	$ 420	(11)%
Oil and plant liquids sales volumes:					
Barrels	13,506	17,034	(21)%	13,620	(1)%
Barrels/day	148	189		150	
Natural gas sales volumes:					
Millions of cubic feet	397	481	(26)%	355	1%
MCF/day	3,926	5,341		3,902	
Average prices received:					
Oil and liquids - $/BBL	$12.34	$17.11	(28)%	$13.45	(8)%
Natural gas - $/MCF	$ 1.06	$ 1.23	(15)%	$ 1.18	(11)%

The amounts in the table above reflect actual first quarter 1992 revenues and prices and do not include a negative adjustment of $59,000 related solely to 1991 gas contract price adjustments. This amount is reflected in 1992's first quarter by a reduction of revenues reported for that quarter. In Canada, gas revenues in the

first quarter of 1992 were lower than the first quarter of 1991 because of reduced sales volumes and lower average prices for natural gas. Revenues for oil and plant liquids decreased 43% in 1992 compared to 1991 because of 28% lower average prices and 21% lower volumes. Steadily decreased production of gas has occurred since the first quarter of 1991 despite new compression and expanded gas processing being added in the Carbon field during latter 1990. This is due to some wells being subjected to restrictions as prices fell and the best well in the field has showed some normal productivity decline. Gas prices were also lower in the first quarter of 1992 compared to the fourth quarter of 1991 by 11% while gas volumes slightly increased. Oil and liquids prices decreased 8% during the 1992 first quarter and resulted in decreased revenues while production volumes declined only 1% as compared with the fourth quarter of 1991.

U.S. lease operating expenses were approximately the same in the first quarter of 1992 compared to 1991. The additional U.S. wells producing in 1992 have added only a relatively small amount of operating costs compared to the large increase in revenues. Therefore, operating costs as a percentage of revenues have declined significantly in 1992 as compared to 1991 even though unit prices have declined. Lease operating costs in Canada have continued to be higher as a percentage of revenues because the processing fees at the gas plant are based on volumes processed and primary compression charges are fixed monthly and not tied to volumes produced by the large volume well being compressed.

Production and property taxes are approximately 9% of revenues, which is down from the 11% rate previously experienced. Most of this decrease is the result of the low production tax rates applied to oil production in Texas compared to gas production. In the U.S. the relationship of taxes and revenue is not always directly proportional because certain areas' local taxes are computed based upon reserve evaluations as opposed to actual production for the period.

Operating and Management Services

This segment of the Company's U.S. business includes operations and services conducted on behalf of third parties. The Company receives operating service revenue from its share of processing fees at the Carbon area liquid extraction plant in Canada which include processing Resources' own gas. No profit is generated from that portion of the flow stream since it is offset by a commensurate increase in its share of well operating expense. Unrelated third party gas is also being processed and currently represents about 45% of the plant's processed volumes.

Specific amounts of revenues from operating and management services that were formerly received from the partnerships are disclosed in Note 5 of the Notes to the Financial Statements. The costs associated with maintaining operating services in the U.S. exceeded the revenues for that segment while Canada showed a modest profit.

The operating and management services revenue are comparable in 1992 to 1991 quarters.

Interest Income

Interest income is primarily earned from short term investments. These rates fluctuate based upon changes in the commercial paper rates and the prime rate. The decrease in interest income in 1992 is primarily the result of much lower short term interest rates.

Operating and Management Services/
General and Administrative Expenses

The operating and management services expenses for that segment are combined with general and administrative expenses. General and administrative expenses are considered to be those which relate to the direct costs of the Company which do not originate from operation of properties or providing of services. Corporate expense represents a major part of this category although other nonbillable expenses contribute. The Company's total operating and management services/general and administrative expense in 1992's first quarter was reduced from 1991's because of the above normal costs incurred last year in installing a new software accounting and operations system and unusually high medical claims which were incurred under the Company's self-insurance program. The 1992 first quarter expense includes a noncash expense of $33,750 related to the exercise of nonqualified stock options.

Depreciation, Depletion and Amortization

Depreciation, depletion and amortization of oil and gas assets are calculated based upon the units of production compared to proved reserves of each field. The expense is not only directly related to the level of production, but also is dependent upon past finding costs and acquisition costs of those reserves. Depletion expense of oil and gas properties in 1992 was less than 1991 in spite of increased production, because the increased production occurred in fields with a low per unit depletable cost basis with related increased reserves. For the first quarter of 1992

the depletion rate was $1.96 per barrel of oil equivalent for the Company. Depreciation and amortization of office equipment and computer software is also included in the total charge.

Interest Expense

Interest expense varies in a direct relationship to the amount of bank debt and the level of bank interest rates. The amount of bank debt outstanding is lower in 1992 than in 1991. The average bank interest rate paid in the first quarter of 1992 has been 7.5% for U.S. debt and 8.6% for Canadian debt. This compares to 10.3% and 13.2%, respectively, in the first quarter of 1991. Both factors therefore contributed to lower interest expense for the first quarter of 1992.

Exploration Expense

In general, the exploration expense category relates to continuing efforts to acquire and explore new prospects. The expense in 1992 and 1991 primarily relates to geological consulting work being provided to Resources in Canada and in addition, in both quarters seismic expense was incurred for the Sralla Road field in Texas.

Litigation Expense

For the first quarter of 1992 the litigation expense also includes (1) the $50,000 of CGS Creditors' Trust expenses which Columbus has agreed to pay in connection with the Settlement Agreement that was executed on March 18, 1992, and (2) $40,000 for the estimated costs of registration of the 1,029,232 shares to be distributed or sold by the Trust as part of that Agreement.

Other Income

In addition to minor normal charge-offs the allowance for doubtful accounts has been reduced by $84,000 during 1992 and credited to other income. As a result of a prior 1990 agreement, Columbus had been holding an equal amount of undistributed oil and gas production receipts as an offset to its operator lien claim pending a possible recovery of a like amount from the Trust. As a part of the Settlement Agreement, that claim amount has been agreed to be withdrawn from the bankruptcy proceedings and therefore as a Trust obligation, so there is no longer any required payback to the purchaser of the debtor's properties because of the Settlement Arrangement. Accordingly, the previous allowance is no longer necessary.

PART II - OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

There are no asserted or unasserted claims or assessments against the Company which at this time would materially affect the Company's financial position or results of operations, except the Civil Action and Adversary Proceeding described in Item 3, "Legal Proceedings", to the Company's Annual Report on Form 10-K for the year ended November 30, 1991 for which a settlement agreement was executed on March 18, 1992 and filed on Form 8-K with the Securities and Exchange Commission on March 20, 1992.

Based on the assumption that the Settlement Agreement will receive Bankruptcy Court approval, Columbus has proceeded with the preparation and filing of a registration statement covering the Trust's 1,029,232 shares of common stock. At such time as the statement becomes effective, then the terms of the Agreement can be completed and the litigation dismissed with prejudice. The Trustee will sell 229,232 shares of the Trust's registered common stock at $5.25 per share to third parties who are to be found by Columbus and will thereafter distribute the Trust's remaining 800,000 shares to its beneficiaries who were creditors of the bankrupt Consolidated. This 35% stock ownership in Columbus represents the creditors' principal source of recovery on their claims. The Company will bear all expenses in connection with the registration process and will pay $50,000 of the Trust's expenses. Under certain circumstances, Columbus may purchase as treasury stock a portion of, or all of, the 229,232 shares of common stock being sold by the Trust to third parties.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

None

(b) Reports on 8-K

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COLUMBUS ENERGY CORP.
(Registrant)

DATE: April 13, 1992

Harry A. Trueblood, Jr.
Chairman, President and
Chief Executive Officer
(a duly authorized officer)

DATE: April 13, 1992

Ronald H. Beck
Vice President and Treasurer
(Chief Accounting Officer)